



# ***Title IV-E Waiver***

## ***Department of Children and Family Services Title IV-E Waiver and Realignment Update Presentation***

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# Overview

## *Rules for Title IV-E Funding*

### **Eligible population:**

- Children in care or at imminent risk being removed;
- Meet the income eligibility rules dating back in 1996.

### **Open ended funding can be used for:**

- Out-of-Home Care;
- Casework.

### **Cannot be used for:**

- Prevention, Early Intervention, and Post-Permanency Services.

# Overview

## ***Rule for Title IV-E Waiver Funding***

### ***Allow Flexible Use of Otherwise Inflexible Funds for:***

- Prevention, early intervention, post-permanency services;
- No eligibility requirements (All kids are eligible.)

### ***Stable Funding:***

- Two Percent (2%) annual increase in federal funds;
- Capped state funds for out-of-home care;
- Two percent increase in state funds for case management.

### ***Expected Caseload Reductions due to:***

- Fewer children entering system
- Shorter stays
- Less recidivism

# DCFS IV-E Waiver

## ***Background***

In 2004, California proposed that the Federal government waive certain Title IV-E requirements for counties that elect to participate in a *Title IV-E Waiver Capped Allocation Demonstration Project* (the Waiver).

On June 26, 2006, Los Angeles County Board of Supervisors approved the Title IV-E Child Welfare Waiver Capped Allocation Demonstration Project (CADP). Effective July 1, 2007, DCFS and Probation Department entered into a 5-year CADP ending June 30, 2012. In 2011, the Federal Department of Health and Human Services (HHS) granted an additional “bridge” year extending the CADP to June 30, 2013.

# DCFS IV-E Waiver

## *Funding*

The capped funding consists of three components:

### ***A: Base Allocations:***

**Federal:** Based on an average of expenditures for assistance and administration for Federal Fiscal Year (FFY) 2003-2005 and an annual growth of 2%.

**State:** Based on county's CWS-Basic and foster care administration allocations for FY 2006-07 and an annual growth of 2%. State's assistance contribution is capped at the actual expenditure for FY 2005-06.

**County:** Capped at the actual expenditure for FY 2005-06.

# DCFS IV-E Waiver

## **Funding** (continued)

### **B: Non-Base Allocations:**

State general fund is provided for new programs added since the determination of the Waiver Base.

### **C: Non-Waiver Allocation:**

IV-E costs that are excluded from the Waiver Base include training, licensing, adoption administration and assistance, non-recurring adopting costs, Statewide Automated Child Welfare Information System (SACWIS), etc.

The sharing ratio is approximately 36% federal, 33% State and 31% County.

# DCFS IV-E Waiver

## **Funding** (continued)

Waiver funding represents 54% of DCFS' total annual budget including 53% of the Administration Budget and 54% of the Assistance Budget. Please see chart below for the breakdown by fiscal year.

<b>DCFS IV-E Waiver Funding and Non-Waiver Funding Comparison Chart</b> (in \$million)							
<b>Waiver Year</b>	<b>Year 1*</b>	<b>Year 2*</b>	<b>Year 3*</b>	<b>Year 4*</b>	<b>Year 5*</b>	<b>Bridge**</b>	<b>Total</b>
<b>Fiscal Year</b>	<b>07-08</b>	<b>08-09</b>	<b>09-10</b>	<b>10-11</b>	<b>11-12</b>	<b>12-13</b>	
<b>Admin (excluding Probation Admin Allocation)</b>							
Waiver	466	471	469	479	496	502	2,884
Non-Waiver	358	403	438	446	428	458	2,531
Total	823	874	908	925	924	960	5,414
	<b>57%</b>	<b>54%</b>	<b>52%</b>	<b>52%</b>	<b>54%</b>	<b>52%</b>	<b>53%</b>
<b>Assistance (including Probation Waiver Costs)</b>							
Waiver	452	455	458	461	464	467	2,758
Non-Waiver	353	410	383	414	406	402	2,368
Total	805	865	841	876	870	869	5,126
	<b>56%</b>	<b>53%</b>	<b>54%</b>	<b>53%</b>	<b>53%</b>	<b>54%</b>	<b>54%</b>
Waiver Total	918	926	927	940	960	970	5,641
% of Waiver Revenue	<b>56%</b>	<b>53%</b>	<b>53%</b>	<b>52%</b>	<b>54%</b>	<b>53%</b>	<b>54%</b>
* Based on Adopted Budget (Waiver Funds reflects only the current year waiver allocations.)							
** Based on Final Changes (Waiver funds reflects only the current year allocations.)							

# DCFS IV-E Waiver

## **Funding** (continued)

Probation Department is linked to the child welfare financing in that IV-E funds have been used for the eligible Probation youth with out-of-home placement orders. The State does not disaggregate the child welfare expenditures from the probation expenditures in the Assistances claims. As such, the IV-E Waiver funds have an aggregated use for the Assistance allocations, but a segregated use for the Administration allocations at 80% DCFS and 20% Probation. (See chart below.)

<i>IV-Waiver Administration Allocation (in \$ million)</i>								
<i>Fiscal Year</i>	<i>Year 1 07-08</i>	<i>Year 2 08-09</i>	<i>Year 3 09-10</i>	<i>Year 4 10-11</i>	<i>Year 5 11-12</i>	<i>Bridge 12-13</i>	<i>Total</i>	<i>Sharing Ratio</i>
<b>DCFS</b>	466	471	469	479	496	502	2,884	80%
<b>Probation</b>	106	114	117	120	122	124	703	20%
<b>Total</b>	572	585	586	599	619	626	3,587	



# DCFS FY 12-13 IV-E Waiver Budget

The budget includes prior year savings and Probation Admin Costs:

## DCFS IV-E Waiver Budget for FY 12-13

### Funding Uses

Administrative		\$604,217,000
Enhanced Strategies		28,466,000
1st and 2nd sequences	10,408,000	
3rd Sequence	18,058,000	
Probation		123,829,000
Assistance		373,012,000
Foster Family Homes	81,840,000	
Foster Homes	25,580,000	
Group Homes	164,007,000	
Relative Homes	63,018,000	
Residentially Based Services	5,121,000	
Wraparound	33,446,000	
Total		<u>\$1,129,524,000</u>

1. Reflects 2% annual growth on total federal funding and 2% annual growth on State Administrative funding.
2. These numbers are estimates since the State has not yet allocated funding for the Foster Home Rate increases.

### Funding Sources

IV Waiver Allocations	
Base Waiver	
Base Waiver Funding (1)	\$1,054,065,000
Non-Base Waiver Funding	
Non-Base Premises	18,656,000
Group Home Rate Increase	14,581,000
Foster Home Rate Increase (2)	6,318,000
Prior-year Savings	24,679,000
PFU Savings	11,225,000
Total	<u>\$1,129,524,000</u>

# DCFS IV-E Waiver

## *Savings and Reinvestments*

The capped allocations with growth have provided DCFS and the Probation Department with the opportunities to use savings to implement critical system changes to improve outcomes for children and families. DCFS has implemented three sequences of expanded and enhanced strategies with an estimated total cost of \$126.7 million (see chart below) to fund Family Team Decision Making, Upfront Assessments, Prevention Initiatives Demonstration Project, Youth Permanency Units, Alternative Services for Youth, etc. (Attachment shows the 3<sup>rd</sup> Seq. strategies/costs.)

IV-Waiver Enhanced Strategies (in \$ million)							
<i>Fiscal Year</i>	<i>Year 1 07-08</i>	<i>Year 2 08-09</i>	<i>Year 3 09-10</i>	<i>Year 4 10-11</i>	<i>Year 5 11-12</i>	<i>Bridge 12-13</i>	<i>Total</i>
1st Sequence	3.3	3.3	3.3	3.3	3.3	3.3	20.1
2nd Sequence		4.2	18.7	17.1	17.1	17.1	74.1
3rd Sequence.					14.4	18.1	32.5
<b>Total</b>	<b>3.3</b>	<b>7.5</b>	<b>22.1</b>	<b>20.4</b>	<b>34.9</b>	<b>38.5</b>	<b>126.7</b>

# DCFS IV-E Waiver

## *Risks and Staffing Level*

Inherent risks are associated with capped allocations. During the Waiver years, the capped allocations have to be used to absorb the federal share of rate increases associated with the group homes and foster family homes (FFH), and pending lawsuit for the foster family agencies (FFA) rate increases.

The unforeseen financial risks resulted in limited hiring of permanent staff as reflected in the Department's total budgeted position (see chart below) that remains flat with a minimal average annual increase of 14 positions since the IV-E Waiver implementation.

DCFS Budgeted Positions							
<i>Fiscal Year</i>	<i>Year 1 07-08</i>	<i>Year 2 08-09</i>	<i>Year 3 09-10</i>	<i>Year 4 10-11</i>	<i>Year 5 11-12</i>	<i>Bridge 12-13</i>	<i>Average</i>
Budgeted Positions	7,299	7,318	7,389	7,323	7,329	7,385	7,341
Annual Increase		19	71	(66)	6	56	14



# **DCFS IV-E Waiver**

## ***Related Facts***

- The request to a 5-year extension of California Child Welfare Waiver Demonstration Project was submitted and acknowledged by Department of Health and Services (HSS) on March 9, 2012.
- California Waiver was part of the AB 118 realignment effective July 1, 2011.
- The implementation of the Title IV-E Extended Foster Care (also known as AB12) with option to extend eligibility up to age 21 effective January 1, 2012, was outside the Waiver.
- The implementation of the new federal program, effective October 7, 2008, to allow children who were in a state Relative Guardianship program (Kin-GAP) to a federal program (fed-GAP) was outside the Waiver.

# IV-E Waiver

In conclusion, IV-E Waiver provides the following:

## **Reward:**

- Stable funding with guaranteed modest growth;
- Funds can be used for all children and for all services;
- Savings generated are reinvested in innovative system improvements.

## **Risks:**

- No new federal dollars for rate increases and in the event of caseload increases;
- Capped State funds for out-of-home care;
- Fixed growth rate may not be able to keep pace with the cost of living growth.
- **Saving from Expected Caseload Reductions due to:**
  - Fewer children entering system
  - Shorter stays
  - Less recidivism



# 2011 Realignment Facts (Update)

The 2011 realignment package left a significant series of implementation matters unresolved, including critical issues such as the design of the funding system and allocation of revenues among counties. To address these issues, two Trailer Bills were issued:

- **Programmatic Realignment Trailer Bill** (April 27, 2012)
- **Superstructure Trailer Bill** (May 15, 2012)



# 2011 Realignment Facts (Update-continued)

## Programmatic Realignment Trailer Bill (April 27, 2012)

- Comprised of three separate parts: Health/Human Services, Mental Health-Alcohol Drug Abuse, and Social Services;
- Consisted of technical wording changes (from the State to the county) related to the sharing ratio for Adoption programs;
- Made some programs such as THP-Plus and STEP optional and discretionary for the counties but requiring public notification through the SIP process; and
- Enhanced the program and fiscal oversight.



# 2011 Realignment Facts (Update-continued)

## Superstructure Trailer Bill (May 15, 2012)

- Established funding sources into the future for the programs realigned;
- Established a Support Services Account, a Law Enforcement Services Account, and a Sales and Use Tax Growth Account with various subaccounts in each;
- Established how new mandates would be handled in the event the Legislature mandates new functions that are not currently funded;
- Established the base year for each realigned program;



# 2011 Realignment Facts (Update-continued)

## Superstructure Trailer Bill (May 15, 2012) Continued

- Established Constitutional Amendment to protect the counties;
- Authorized counties to establish reserves up to 5% of the total revenue received in the subaccounts;
- Allowed 10% transfer of the lesser subaccount(s) to other subaccount(s) within the Support Service Account and defines base and growth revenues in each Subaccount as “rolling” base (i.e., base plus growth funding equals the subsequent year’s new base, etc.)
- Provided framework for counties to receive 40% out of the growth funds until \$200 million is CAP reached.

# 2011 Realignment Facts (Update-continued)

Governor's May Revision Updated the Realignment Funding Base as follows:

<b>2011 Realignment Funding (Protective Services Subaccount)</b>				
(\$ in Millions)				
	2011-12	2012-13	2013-14	2014-15
<b><u>2011 Allocation</u></b>				
Foster Care and Child Welfare Services	1,562.1	1,562.1	1,562.1	1,562.1
APS	54.6	54.6	54.6	54.6
<b><u>May Revision</u></b>				
Foster Care and Child Welfare Services	1,567.2	1,585.4	1,605.8	1,621.1
APS	55.0	55.0	55.0	55.0
<b><u>Variance</u></b>				
Foster Care and Child Welfare Services	5.10	23.30	43.70	59.00
APS	0.40	0.40	0.40	0.40
	5.50	23.70	44.10	59.40